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PROTEST
OF
W. H. BALDWIN, LATE PRESIDENT OF THE
HILLSBOROUGH AND CINCINNATI
RAILROAD COMPANY.

PRESENTED AT THE ELECTION FOR DIRECTORS,

MAY 9, 1853.

**To the Chairman of the Stock-holders' Meeting and the
Judges of the Directors' Election of the Hillsborough
and Cincinnati Railroad Company.**

GENTLEMEN: I understand the following stock is about to be voted upon and counted at this election for Directors, to wit: 1. All the stock which has been subscribed for the purpose of extending the road of our Company east from Hillsborough to Parkersburg; 2. The stock which the contractors have agreed to take in the contract; 3. The stock which has been sold to William Sturgis, Esq.; 4. The stock which has been sold to F. Dunlevy, Esq.; and, 5. The \$200,000 of stock which has been hypothecated with the city of Cincinnati as collateral security for the \$100,000 which the Company owes said city.

No part of this stock can be voted upon legally, and myself and those who act with me, and who are opposed to the extension of our road by said line, DO MOST SOLEMNLY PROTEST against any portion of this illegal stock being voted upon or counted against us, or in any other manner being used to perpetuate what we deem to be the unwise policy of the present Directors.

We have the question as to the legality of this stock, and the right to use it, and all the questions affecting the right of the Directors to take any steps in relation to this extension, presented in the two *injunction* suits, which are now pending against the Directors; one in the Court of Common Pleas, in Warren County, and the other in the District Court for Highland County.

The question as to this extension ought to be settled by those who are now interested and who own the stock which built the road, and the only road which was authorized by the original charter of the Company. For we claim that there exists no chartered right to make the proposed extension.

We are the owners and holders of a majority of all the stock which has ever been issued by the Company, that has been paid for by the parties to whom it was issued, and as such stock-holders we are in favor of connecting our road with the road of the Marietta and Cincinnati Railroad Company, saving all *existing interests* in both Companies and at the same time opening but one Eastern and Western line of railroad through Southern Ohio. We have satisfactory information, that if our Company will consent, *such a connection can be made*. We believe that the will of our stock-

holders should be expressed in favor of such connection at this election, by the selection of a Board in favor of that policy.

Two years ago, the majority of the then holders of stock in our Company, determined to extend our road from Hillsborough to Chillicothe, with a view of there connecting with the Marietta and Cincinnati Company; and subsequently a portion of that line was put under contract,—but that contract and line has been abandoned by the present acting Board of Directors, without the consent and against the wishes of the stock-holders. It is alleged by the present *acting* Board, that they abandoned the Chillicothe route because they could not procure sufficient means to build it—but at the very moment they abandon that line, which it was estimated would cost a half million of dollars, they undertake to construct another, (a line from Hillsborough to Parkersburgh,) for the construction of which they agree to pay *five millions of dollars!* The former would have been auxiliary to, and indeed would have formed part of a single through line, while the other is an attempt to construct a rival line for the entire distance. Such is the avowed policy of the present Board of Directors, and if they should be re-elected, they will attempt to carry it out, until they are fairly arrested in their attempt by the action of the *courts*, or until they break down for want of *funds* and *credit*. To avert this evil and save the existing Road from utter ruin is the object we seek.

We oppose the proposed extension for several reasons, which are evidenced by the records of the Company, and which are to our minds overwhelming. We invite attention to,

1. The basis and cost of the present road.
2. The estimated cost and the contract price of the proposed Eastern Extension.
3. The financial scheme of the Directors.
4. Some general remarks.

By a statement of the financial condition of the Company, made by the President last summer, and about the time he was offering the Bonds of the Company for sale to the amount of about three hundred thousand dollars, it appeared the net earnings of the Road amounted to six percent upon its cost, although it had been but a few months in operation. The following briefly presents the

BASIS AND COST OF THE PRESENT ROAD.

The present running road extends from the Little Miami Road at Loveland to Hillsborough, being $37\frac{1}{2}$ miles in length, and cost about one half a million of dollars. One hundred thousand dollars of that sum was borrowed from the city of Cincinnati and remains unpaid, and the balance, as appears by the answer of the present Directors to my injunction bill, was raised as follows: They say that in the summer of 1852, “after every effort and investigation, it was ascertained that the stock of the Company, paid and unpaid, amounted to about \$180,000, and nearly the whole of the stock had been ex-

hausted in payments of work already done." Again they say, referring to the same date, "the debts amounted to about \$235,000," referring to the then floating debt of the Company. To pay these debts they sold convertible Bonds of the Company to the amount of \$300,000 for \$200,000, which Bonds were at once converted into \$300,000 of the stock of the Company. They thus show that to pay for the present running road, costing \$500,000, stock has been issued to the amount of

Debt to the city of Cincinnati,	\$ 480,000
and floating debt.	100,000
	35,000

Total, \$ 615,000

ESTIMATED COST, AND THE CONTRACT PRICE OF THE PROPOSED EASTERN EXTENSION.

On the 28th day of June, 1852, E. Morris, Esq., the engineer in the employ of the Directors, reported that it would cost to extend the Road from Hillsborough to Parkersburgh, including a bridge across the Ohio River, and a Branch to Pomroy, and another Branch to Bainbridge, \$3,808,500. See page 24 of his Report. It is understood that the late letting extends only to the western bank of the Ohio, and does not embrace the Bridge across that river, nor the line from that point to Parkersburgh, being $7\frac{1}{2}$ miles in length, nor the Branch to Bainbridge, being $9\frac{1}{8}$ miles in length. These are estimated in said Report as follows:

Bridge over the Ohio River,	\$ 320,810
Seven and a half miles from thence to Parkersburgh, at \$25,200 per mile, exclusive of Iron, &c.,	189,000
9 and $\frac{1}{8}$ miles of Bainbridge Branch, at \$7,390 per mile, exclusive of Iron and structure,	60,110
Iron and structure for $16\frac{3}{8}$ miles, at \$8,000 per mile,	133,000

Total, \$702,920

Deduct that sum from the estimated cost of the whole work as stated above, and it leaves the estimated cost of the work which the Directors profess to have put under contract, to amount to \$3,105,580.

The Deposition of this same Elwood Morris, Esq., engineer in the employ of the Directors, has been taken to be used in our judicial proceedings; and in that Deposition he states, that the Directors have contracted to pay for said work, including some machinery, the sum of \$5,000,000—one million in the stock of the Company, and four millions in cash. Being in all, \$1,894,420 above his own estimate. If we deduct the 1,000,000 in stock from the amount, and treat it as a mere bonus to the contractors, intended to enable them to control the elections and the future policy of the Company, still they have agreed to pay them in *cash*, \$894,420 over and above the cost of the work.

will not pay money to build a road to Cincinnati, when she can get there as well by a Road already built. The only safety for our Company, is to abandon this impracticable *rival* project and by negotiation secure the business of the Marietta Company to pass over our Road to the City, and thereby obviate the necessity of their western extension—and secure a uniformity of value of the stock in the two Companies, as forming but one through line. This can only be done by removing the present Directors and electing such as favor our views. In this we have a legal right to, and would succeed, if the *illegal* stock against which we protest should not be voted—but if it is voted and treated by you as *bona fide* stock, it will be in the power of any unscrupulous Board of Directors to issue such stock at pleasure and perpetuate their power indefinitely.

We PROTEST in the most SOLEMN manner against the admission of this stock, and claim that the owners of the stock, issued to pay for the present running Road shall settle the election and determine the policy of the Company. To determine otherwise will be to convert the form of an election into a mere farce—to set up the Directors above the stock-holders—to convert the former into dictatorial masters and the latter into submissive slaves.

All these frauds and impositions are set out in the Injunction Bill which is pending in Warren County, and we do not doubt but that whenever the case shall be reached and heard, all these parties will be perpetually enjoined. If we have, as we confidently believe, a majority of all the legal stock of the Company with us, we will persevere in this matter until we succeed, for if we fail and they succeed we *know* our whole stock will be sacrificed. If it should be determined at this election to reject this illegal stock, all further expense and litigation would be avoided—but if the views expressed in this Protest, should be disregarded by you, I respectfully claim as the right of a stock-holder—for the benefit of myself and others who act with me, to have this *Protest* published as a part of your proceedings and entered at length upon the Records of the Company.

Very respectfully submitted,

W. H. BALDWIN.

Hillsborough, O., May 9, 1853.